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CITY OF MONTEREY PARK

SINGLE AUDIT REPORTS

JUNE 30, 2008

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CITY OF MONTEREY PARK
Single Audit Reports
Year Ended June 30, 2008

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The Honorable City Council of
the City of Monterey Park, California

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monterey Park (City), California as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 10, 2008. Our report included an explanatory paragraph describing the implementation of a new accounting standard. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Monterey Park's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Monterey Park's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted a certain insignificant matter that we reported to management of the City of Monterey Park in a separate letter dated November 10, 2008

This report is intended solely for the information and use of the City Council, management and others within the City of Monterey Park, and the City's federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Maricar Tini & O'Connell LLP

Certified Public Accountants
Newport Beach, California

November 10, 2008



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The Honorable City Council of
the City of Monterey Park, California

**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program, Internal Control Over
Compliance and on the Schedule of Expenditures of Federal
Awards in Accordance with OMB Circular A-133**

Compliance

We have audited the compliance of the City of Monterey Park with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2008. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the City of Monterey Park's management. Our responsibility is to express an opinion on the City of Monterey Park's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Monterey Park's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Monterey Park's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the City of Monterey Park is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Monterey Park's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monterey Park as of and for the year ended June 30, 2008, and have issued our report thereon dated November 10, 2008. Our report included an explanatory paragraph describing the implementation of a new accounting standard. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, management and others within the City of Monterey Park, and the City's federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Maclar Fini & O'Connell LLP

Certified Public Accountants
Newport Beach, California

November 10, 2008

CITY OF MONTEREY PARK
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Assistance Number	Program Identification Number	Expenditures of Federal Awards	Disbursements to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
Direct Program:				
Community Development Block Grant	14.218	B-07-MC-06-0548	\$ 1,103,473	\$ 61,951
Home Investment Partnerships Program	14.239	M07-MC-06-0550	124,206	
Total U.S. Department of Housing and Urban Development			<u>1,227,679</u>	<u>61,951</u>
<u>U.S. Department of Education</u>				
Passed through the State of California:				
English Literacy Civics Education Grant	84.002A	19-T567	10,186	
Total U.S. Department of Education			<u>10,186</u>	
<u>National Endowment for the Humanities</u>				
Passed through the State of California:				
Public Library Staff Education Program	45.310	40-6965	\$ 1,047	
Early Learning with Families Targeted Grant	45.310	40-6910	25,000	
Total National Endowment for the Humanities			<u>26,047</u>	
<u>U.S. Department of Homeland Security</u>				
Passed through the State Office of Homeland Security/ City of LA:				
Urban Areas Security Initiative Grant	97.008	C-109927	120,679	
Urban Areas Security Initiative Grant	97.008	C-112188	83,023	
			203,702	
2005 Winter Storm Grant	97.036	FEMA-1577-DR	38,720	
CA Emergency Relief (CA 05-1)	97.036	ER-4027(023)	79,079	
Passed through the State Office of Homeland Security/ County of LA:				
Homeland Security Grant	97.067	2006 UASI	131	
Total U.S. Department of Homeland Security			<u>321,632</u>	
<u>U.S. Department of Agriculture</u>				
Direct Program:				
Summer Food Service Program	10.559	M788-00-19-81912V	133,601	
Total U.S. Department of Agriculture			<u>133,601</u>	

See Accompanying Note to Schedule of Expenditures of Federal Awards.

(Continued)

CITY OF MONTEREY PARK
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2008

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Program Identification Number</u>	<u>Expenditures of Federal Awards</u>	<u>Disbursements to Subrecipients</u>
<u>U.S. Department of Transportation</u>				
Passed through the State of California Department of Transportation: Highway Planning and Construction	20.205	STPL5231	336,785	
Sobriety Check Point Program	20.600	SCO71920/SCO8269	40,217	
Comprehensive Traffic Safety	20.600	PT0707	54,946	
			<u>95,163</u>	
Total U.S. Department of Transportation			<u>431,948</u>	
<u>U.S. Department of Justice</u>				
Direct Program:				
Gang Resistance Education Grant	16.737	2007-JV-FX-0172	51,035	
Edward Byrne Justice Grant	16.738	2007-DJ-BX-0348	16,992	
Asset Forfeiture - Equitable Sharing	16.Unknown		15,062	
Bulletproof Vest Partnership Grant	16.607	2007-BUBX07036583	12,679	
			<u>95,768</u>	
Total U.S. Department of Justice				
<u>U.S. Department of the Treasury</u>				
Direct Program:				
Equitable Sharing	21.Unknown		110,461	
Total U.S. Department of the Treasury			<u>110,461</u>	
Total Federal Expenditures			<u>\$ 2,357,322</u>	<u>\$ 61,951</u>

See Accompanying Note to Schedule of Expenditures of Federal Awards.

CITY OF MONTEREY PARK
Note to Schedule of Expenditures of Federal Awards
June 30, 2008

1. Summary of Significant Accounting Policies

(a) *Basis of Accounting*

Monies received under the grant programs have been recorded within special revenue funds of the City of Monterey Park. The City utilizes the modified accrual basis of accounting for the aforementioned funds. The accompanying Schedule of Expenditures of Federal Awards has been prepared accordingly.

(b) *Schedule of Expenditures of Federal Awards Presentation*

The Schedule of Expenditures of Federal Awards presented is prepared from only the accounts of the grant programs; and, therefore, does not present the financial position or results of operations of the City of Monterey Park.

CITY OF MONTEREY PARK
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Section I - Summary of Auditor's Results

Financial statements:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material Weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
• Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required To be reported in accordance with Section 510(a) of OMB Circular A-133?	No

Identification of major programs:

CFDA Number(s)

14.218

Name of Federal Program or Cluster

Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as a low-risk auditee?	Yes
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CITY OF MONTEREY PARK
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

CITY OF MONTEREY PARK
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2008

There were no audit findings for the year ended June 30, 2007.